

JCR Affirmed AA-/Stable and AA- Rating on Daiwa House Residential Investment Corporation

Japan Credit Rating Agency, Ltd. (JCR) announces the following credit rating.

Rationale

Daiwa House Residential Investment Corporation (the "Corporation") is a J-REIT that invests in properties primarily used as residential facilities. Its asset management company is owned by Daiwa House Industry Co., Ltd. The Corporation strives to improve the portfolio through asset reshuffle, and the portfolio consisted of 123 properties with the total acquisition price of 211,035 million yen as of the end of the 13th fiscal period (ended in August 2012). The occupancy ratio has been steady at 95% or higher. Financial bases are more stable than before as the Corporation has achieved steady results in prolonging loan periods and reducing interest costs. Even so, continuous attention to the future LTV management is required as the LTV stood at 55.8% as of the end of the 13th fiscal period, near the upper limit of the target level on an ongoing basis.

Shigeo Sugiyama, Takanori Akiyama

Rating

Issuer: Daiwa House Residential Investment Corporation (security code: 8984)

<Affirmation>

Long-term Issuer Rating: AA-		Outlook: Stable			
Issue	Amount (bn)	Issue Date	Due Date	Coupon	Rating
bonds no.1	Y3	Mar. 9, 2012	Mar. 9, 2017	1.12%	AA-

Outline of methodology for determination of the credit rating is shown as "J-REIT" (June 1, 2012) in Structured Finance, Rating Methodology on JCR's home page (<http://www.jcr.co.jp>).

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